

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING OF) CASE NO.
CITIPOWER L.L.C.) 2012-00531

O R D E R

On April 3, 2009, the Commission issued its Order in Case No. 2008-00392¹ approving certain adjustments to the rates of Citipower, LLC (“Citipower”) and providing under certain conditions for the further adjustment of such rates in accordance with the provisions of Citipower’s Gas Cost Adjustment (“GCA”) clause.

On December 3, 2012, Citipower filed its GCA to be effective January 1, 2013.

After reviewing the record in this case, and previous Citipower GCA cases, and being otherwise sufficiently advised, the Commission finds that:

1. Citipower’s notice proposes revised rates to pass on its expected change in gas costs to its customers.

2. Citipower proposed an Expected Gas Cost (“EGC”) of \$4.7736 per Mcf. Its average 12-month EGC is based in part on the expectation that it will need to buy gas at a higher-than-normal price from Citizens Gas Utility District (“Citizens Gas”) during periods of high usage in cold weather. Citizens Gas’s volumes are priced using current price projections as of November 21, 2012. The EGC is otherwise based on

¹ Case No. 2008-00392, Application of Citipower, LLC for Rate Adjustment for Small Utilities Pursuant to 807 KAR 5:076 (Ky. PSC Apr. 3, 2009).

Citipower's expected cost of gas from its primary supplier, Citigas, LLC ("Citigas") [an affiliate pursuant to 278.010(18)], using the New York Mercantile Exchange Natural Gas 12-Month strip rate for November 2012. Citipower's current EGC of \$4.7736 per Mcf is an increase of \$.6233 per Mcf from the prior approved EGC of \$4.1503 per Mcf.

3. Citipower's notice sets out no Refund Adjustment.

4. Citipower's notice sets out a current quarter Actual Adjustment ("AA") of (\$.0029) per Mcf. Citipower did not use the \$3.49 Unit Cost of Gas quoted by Citigas for the month of July 2012 in calculating its monthly cost difference, nor did it use the \$3.5130 EGC in Effect for Month approved by the Commission for July through September 2012. Correcting this produces a current AA of (\$.0021) per Mcf. Citipower's total AA of (\$.0613) per Mcf represents an increase of \$.0793 per Mcf from its previous AA of (\$.1406). The approved total AA reflects a correction to the Previous Quarter Reported Actual Adjustment, which should have been (\$.0200) per Mcf instead of (\$.2000), as set out by Citipower.

5. Citipower's notice sets out a current quarter Balance Adjustment ("BA") of \$.2073 per Mcf to reconcile under-recoveries related to the (\$.2314) AA approved in the Commission's Order in Case No. 2011-00367² for rates effective October 1, 2011. Citipower miscalculated the current quarter BA. Multiplying the (\$.2314) AA by the 12 month's sales of 63,122 Mcf produces \$14,607 that was returned to customers through the operation of the AA. The (\$.2314) AA was designed to return \$17,198 to customers. The amount remaining to be returned to customers through the BA is \$2,591, which results in a current BA in the amount of (\$.0411) per Mcf. Citipower's total BA is

² Case No. 2011-00367, Purchased Gas Adjustment Filing of Citipower, LLC (Ky. PSC Sept. 20, 2011).

(\$0.0976) per Mcf, which represents a decrease of \$0.0517 per Mcf from its prior total BA of (\$0.0459) per Mcf.

6. These combined adjustments produce a GCA of \$4.6147 per Mcf, which is an increase of \$0.6509 per Mcf from the previous rate of \$3.9638 per Mcf.

7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing for service rendered on and after January 2, 2013. Citipower did not give the 30 days' notice required for rates to take effect January 1, 2013.

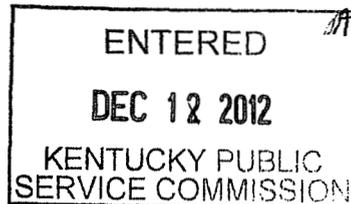
IT IS THEREFORE ORDERED that:

1. The rates proposed by Citipower are denied.

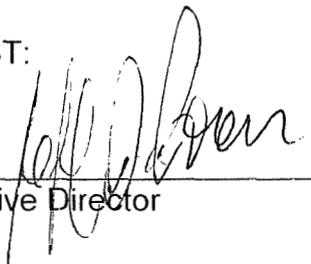
2. The rates in the Appendix to this Order are fair, just, and reasonable, and are approved for service rendered on and after January 2, 2013.

3. Within 20 days of the date of this Order, Citipower shall file its revised tariffs with the Commission setting out the rates authorized herein and reflecting that they were approved pursuant to this Order.

By the Commission



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2012-00531 DATED DEC 12 2012

The following rates and charges are prescribed for the customers served by Citipower, LLC. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Residential and Commercial

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
Volumetric Rate	\$7.6492	\$ 4.6147	\$12.2639

The volumetric rate will apply to all Mcfs sold, subject to a minimum bill of \$5.00. In those cases where the usage applied to the volumetric rate results in an amount less than \$5.00, the customer will be charged the \$5.00 minimum.

Industrial and Institutional

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
Volumetric Rate	\$6.6492	\$ 4.6147	\$11.2639

The volumetric rate will apply to all Mcfs sold, subject to a minimum bill of \$5.00. In those cases where the usage applied to the volumetric rate results in an amount less than \$5.00, the customer will be charged the \$5.00 minimum.

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